

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1875 - HB 1784

January 29, 2014

SUMMARY OF BILL: Extends the prohibition on new nursing home beds, except for 125 Medicare skilled nursing facility beds, to June 30, 2015.

ESTIMATED FISCAL IMPACT:

Forgone State Revenue - \$222,500/FY14-15/Nursing Home Bed Tax

State Expenditures – Cost Avoidance – \$2,002,200/FY14-15

Federal Expenditures – Cost Avoidance – \$3,801,300/FY14-15

Assumptions:

- Current law limits the number of new nursing home beds for which certificates of need may be issued by the Health Services Development Agency during FY13-14. This will extend the current limitation for an additional fiscal year.
- Based on information previously provided by the Bureau of TennCare, there is a potential bed growth of 100 beds for Medicaid eligible individuals if the provisions of the bill are not enacted.
- The state will forgo any increased revenue from the nursing home bed tax of \$2,225 per bed resulting in a total of \$222,500 (\$2,225 x 100 beds) in forgone state revenue for FY14-15.
- The lowest TennCare daily reimbursement rate is \$159. TennCare will avoid an increase in expenditures estimated to be \$5,803,500 (100 beds x \$159 x 365 days) for FY14-15.
- Of the \$5,803,500, \$2,002,207.50 would be state funds at a rate of 34.5 percent and \$3,801,292.50 would be federal funds at a match rate of 65.5 percent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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/kml